



Dealership Chart of Accounts Manual



©Page Publications
June, 2002, All Rights Reserved.

Financial Statements.

This chapter should provide the NIADA dealer, office manager, internal auditor and outside accountant with a financial statement illustration on profit center accounting, as it has been discussed throughout this manual.

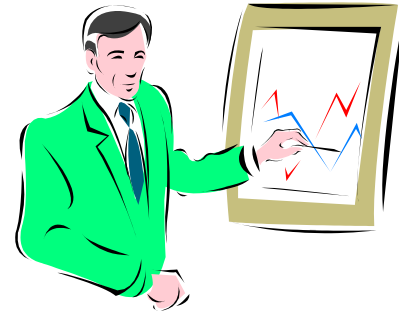
FINANCIAL STATEMENTS		
Topic No.		Page No.
1.0	Introduction.	1
1.1	The General Ledger and the Financial Statement.	1
1.2	Page 1 – The Balance Sheet.	5
1.3	Page 2 – The Income Statement – Sales & Gross Profit	10
1.4	Page 3 – The Income Statement - Expenses	15
1.5	Summary	17

Financial Statements

1.0 Introduction.

In May 2004, NIADA adapted a standardized three-page financial statement format for its dealer-members, which is shown on the following pages. The three financial statement pages include:

- Page 1 - Balance Sheet
- Page 2 - Income Statement and YTD Operations Summary
- Page 3 – Income Statement and Personnel Analysis.



In this chapter, we will review this newly adapted statement and how it can be used to manage dealership operations. The statement format is similar to those used by new vehicle franchise dealerships. Therefore, the statement has sections for each department including vehicle sales, F&I, parts and service.

1.1 The General Ledger and the Financial Statement.

A monthly financial statement presents month-end and year-to-date balances in the dealership's general ledger. The Balance Sheet contains balances for Assets, Liabilities and Net Worth accounts. The Income Statement contains balances in Sales, Cost of Sales, Expenses and Other Income/Expense accounts. For more information on how basic financial statements are calculated, see the NIADA Dealership Accounting Training Manual or any general accounting or bookkeeping textbook.

NIADA's new financial statement design uses standard NIADA chart of accounts that are presented in this manual, as well as the other NIADA standardized accounting manuals. The numbering system for these accounts is shown below.

- Assets: Account Numbers 1000 – 1990
- Liabilities and Net Worth: Account Numbers 2110 – 2570
- Sales and Cost of Sales Accounts: 3500 – 6290
- Expense Accounts: 8000 – 8520
- Other Income and Expense Accounts: 9020 - 9220

For each financial statement line, the account numbers included in the dollar amount are shown to the left of the dollar amount. For example, Page 1 – Line 2 of the Financial Statements reports Cash on Hand of \$500. This balance is the current YTD total in account 1000 – Petty Cash Fund.

Line 3 reports Cash in Bank of \$41,542. This amount is the combined balance of accounts 1010 – Cash in Bank and 1015 – Cash in Bank – Payroll. If the dealership had other cash in bank account numbers, these accounts would also be pointed to line 3.

ASSETS	ACCT. NO.	AMOUNT DOLLARS ONLY	Line No.
CURRENT ASSETS:			1
CASH ON HAND	1000	500	2
CASH IN BANK	1010-1015	41,542	3

As you study these statements, take time to understand how each line is calculated, and whether one or more account balances is included in the dollar amount shown for each line.

Financial Statements

Exhibit: NIADA Standardized Financial Statement – Page 1.



DEALER FINANCIAL STATEMENT

PAGE 1

DEALER CITY AUTO SALES, INC. NIADA MEMBER SINCE 1987 ADDRESS 1205 CENTURY AVENUE
 FOR PERIOD OF JAN, 200X TO JULY, 200X CITY HOMETOWN STATE ST ZIP 12345

BALANCE SHEET

ASSETS			ACCT. NO.	AMOUNT DOLLARS ONLY	Line No.	LIABILITIES AND NET WORTH			ACCT. NO.	AMOUNT DOLLARS ONLY	
CURRENT ASSETS:						CURRENT LIABILITIES					
CASH ON HAND			1000	500	2	ACCOUNTS PAYABLE			2000	1,865	
CASH IN BANK			1010-1015	41,542	3	CUSTOMER DEPOSITS			2010	4,500	
CONTRACTS IN TRANSIT			1020	84,652	4	CUSTOMER ACCOMMODATIONS			2020	945	
CASH INVESTMENTS AND TIME DEPOSITS			1030-1050	15,000	5	LICENSE & REGISTRATION FEES			2030	615	
TOTAL CASH AND EQUIVALENT (LINES 2-5)				141,694	6	VEHICLE PROTECTION & ESC PAYABLE			2040	3,284	
RECEIVABLES:		> 60 DAYS			7	VEHICLE LIEN PAYABLE			2050	18,456	
RETAIL VEHICLES			500	1100	8	OTHER ACCOUNTS PAYABLE			2060		
WHSLE & DLR TRANSFER				1110	9	TOTAL ACCOUNTS PAYABLE (LINES 2-8)				29,665	
LEASE & RENTAL				1120	10	CURRENT NOTES PAYABLE					
FINANCE & INSURANCE			235	1130	11	NOTES PAYABLE - USED VEHICLES			2110	458,714	
CUSTOMER NOTES			750	1140	12	NOTES PAYABLE - LEASE & RENTAL VEHICLES			2120		
SERVICE, PARTS & BODY ACCOUNTS			1,250	1150	13	CURRENT PORTION - LONG TERM DEBT			2130	21,785	
SERVICE CONTRACT CLAIMS			115	1160	14	NOTES PAYABLE - OTHER			2140	19,852	
ALLOWANCE FOR DOUBTFUL ACCOUNTS				(1,200)	15	TOTAL CURRENT NOTES PAYABLE (LINES 11-14)				500,351	
TRADE RECEIVABLES - AFFILIATES				1360	16	ACCRUED LIABILITIES:					
OTHER RECEIVABLES				1370	17	INTEREST PAYABLE			2200	2,614	
TOTAL RECEIVABLES (LINES 8-17)				27,713	18	SALARIES, WAGES & COMMISSIONS PAYABLE			2210	14,901	
INVENTORIES:					19	INSURANCE PAYABLE			2220		
		UNITS			20	PAYROLL TAXES PAYABLE			2230	1,475	
DEMONSTRATORS			2	2	21	SALES TAXES PAYABLE			2240	18,410	
OTHER AUTOMOTIVE			4	4	22	INCOME TAXES PAYABLE			2250		
USED CARS			35	12	23	OTHER TAXES PAYABLE			2260	458	
USED TRUCKS			41	5	24	EMPLOYEE BONUSSES PAYABLE			2270		
REMARKETED VEHICLES			22	8	25	OWNERS' BONUSSES PAYABLE			2280		
PARTS & ACCESSORIES				1500	26	PENSION FUND/PROFIT SHARING PAYABLE			2290	6,000	
OTHER INVENTORY				1520-1570	27	OTHER PAYABLES			2300	1,050	
ALLOWANCE - PARTS INVENTORY ADJUSTMENT				1970	28	RESERVE FOR REPO, F&I & SVC CONTRACT LOSSES			2310	12,000	
LIFO RESERVE - USED VEHICLES				1980	29	OTHER RESERVES			2320	22,500	
LIFO RESERVE - PARTS & ACCESSORIES				1990	30	TOTAL ACCRUED LIABILITIES (LINES 17-29)				79,408	
TOTAL INVENTORIES (LINES 21-30)				976,810	31	WORKING CAPITAL					
PREPAID EXPENSES:					32	GUIDE-\$					
PREPAID ADVERTISING				1610	33	ACTUAL-\$					
PREPAID TAXES				1620	34	(ASSET LINE 40 MINUS LIABILITY LINES 9 + 15 + 30)					
PREPAID RENT				1630	35	OTHER LIABILITIES:					
PREPAID INSURANCE				1640	36	LONG TERM DEBT:			2400	178,522	
PREPAID OTHER				1660	37	NOTES PAYABLE - OWNERS/OFFICERS			2410		
TOTAL PREPAID EXPENSE (LINES 33-37)				24,037	38	NOTES PAYABLE - AFFILIATED COMPANIES			2420		
OTHER CURRENT ASSETS				1670	39	MORTGAGES PAYABLE - REAL ESTATE			2430	32,000	
TOTAL CURRENT ASSETS (LINES 18+31+38+39)				1,170,254	40	DEFERRED INCOME TAX			2440		
LEASE AND RENTAL VEHICLES:					41	OTHER LIABILITIES			2450		
LEASE VEHICLES - NET		UNITS		1680-1690	42	TOTAL OTHER LIABILITIES (LINES 35-40)				210,522	
RENTAL VEHICLES - NET				1700-1710	43	TOTAL LIABILITIES (LINES 15+41)				819,946	
DRIVER TRAINING VEHICLES - NET				1720-1730	44	NET WORTH:					
TOTAL LEASE & RENTAL VEHICLES (LINES 56 THRU 62)					45	CAPITAL STOCK			2500	10,000	
FIXED ASSETS:					46	ADDITIONAL PAID IN CAPITAL			2510	95,000	
LAND & IMPROVEMENTS			155,000	1750-1760	47	RETAINED EARNINGS			2520	602,197	
BUILDINGS & IMPROVEMTS			245,600	1770-1780	48	DIVIDENDS			2540		
MACHINERY & SHOP EQMT			45,600	1790-1800	49	INVESTMENTS (PROPRIETOR OR PARTNERS)			2550		
PARTS & ACC. EQUIPMENT			12,400	1810-1820	50	WITHDRAWALS / DRAWINGS			2560		
FURN. FIXTURES & SIGNS			13,840	1830-1840	51						
COMPANY VEHICLES			1,000	1850-1860	52	CURRENT EARNINGS BEFORE TAXES					
LSEHOLDS & IMPROVEMTS				1870-1880	53	RETAIL UNIT SALES					
OTHER FIXED ASSETS				1890	54	FROM PAGE 2					
NET TOTAL FIXED ASSETS: (LINES 6 + 24 + 51 + 52 + 53)				399,566	55	JANUARY	32	22	54	16,852	
OTHER ASSETS:					56	FEBRUARY	21	37	58	14,214	
LIFE INSURANCE - CASH VALUE				1900	57	MARCH	14	38	2	23,200	
NOTES & RECEIVABLES - OFFICERS & OWNERS				1910	58	APRIL	24	25	49	15,478	
INVESTMENTS IN AFFILIATED COMPANIES				1920	59	MAY	19	32	51	12,789	
					60	JUNE	22	39	1	24,875	
ADVANCES - AFFILIATED PARTIES				1930	61	JULY	24	35	59	11,358	
ADVANCES - OTHER PARTIES				1940	62	AUGUST					
NOTES & RECEIVABLES - OTHER				1950	63	SEPTEMBER					
FINANCE RECEIVABLES - DEFERRED				1960	64	OCTOBER					
OTHER INVESTMENTS & MISC. ASSETS				1970	65	NOVEMBER					
DEPOSITS ON CONTRACTS				1980	66	DECEMBER					
OTHER ASSETS				1990	67	UNIT TOTALS	156	228	3	387	
TOTAL OTHER ASSETS: (LINES 57-66)				76,089	68	NET EARNINGS (LINE 69 MINUS 70)				118,766	
TOTAL ASSETS (LINES 40+55+67)				1,645,909	69	TOTAL NET WORTH (LINES 47 THRU 53 + 71)				825,963	
					70	TOTAL LIABILITIES AND NET WORTH (LINES 44 + 45 + 72)				1,645,909	

Dealer Member - NIADA

National Independent Automobile Dealers Association

SIGNATURE: _____ DATE: _____

This is the Balance Sheet. Assets are shown in the left column with Liabilities and Net Worth account balances shown in the right column. The dealership's net profit or loss is shown for each month and year-to-date under the Current Earnings Before Taxes section in the right corner of the form.

Financial Statements

NIADA Standardized Financial Statement – Page 2.



CITY AUTO SALES, INC.

PERIOD ENDING: JULY, 200X

PAGE 2

DEPARTMENTAL GROSS PROFIT ANALYSIS											
LINE NO.	MONTH-TO-DATE				ACCOUNT NAME	ACCT.	YEAR-TO-DATE (DOLLARS ONLY)				
	SALES	GROSS	UNITS	PER UNIT			SALES	GROSS PROFIT	UNITS	PER UNIT	
1	202,800	43,200	24	1,800	USED CAR RETAIL	3500	1,419,600	302,400	156	1,938	
2		(3,250)	22	(148)	USED CAR RECONDITIONING	4510		(22,750)	68	(335)	
3	32,650	1,250	10	125	USED CAR WHOLESALE SALES	3520	228,550	8,750	71	123	
4					USED CAR INVENTORY ADJUSTMENTS	4530		(7,486)	24	(312)	
5	331,625	49,743	35	1,421	USED TRUCK RETAIL	3540	2,321,375	348,201	228	1,527	
6		(4,358)			USED TRUCK RECONDITIONING	4550		(30,506)	18	(1,695)	
7	52,400	215	5	43	USED TRUCK WHOLESALE SALES	3560	366,800	1,505	36	42	
8		(1,000)	1	(1,000)	USED TRUCK INVENTORY ADJUSTMENTS	4570		(7,000)	15	(467)	
9					REMARKETED RETAIL CAR SALES	3580					
10					REMARKETED WHOLESALE CAR SALES	3590					
11					REMARKETED RETAIL TRUCK SALES	3600					
12					REMARKETED WHOLESALE TRUCK SALES	3610					
13					USED VEHICLE REPOSSESSION LOSSES	4620					
14					AFTERMARKET MERCHANDISE SALES	3630	14,852	3,240	3	1,080	
15					LIFO ADJUSTMENTS - USED VEHICLES	4640					
16	619,475	85,800	97	885	TOTAL USED VEHICLE DEPARTMENT		4,351,177	596,354	256	2,330	
17		15,874	37	429	USED VEH. FINANCE INCOME	3700		111,118	241	462	
18		(256)	2	(128)	USED VEH. FINANCE CHARGEBACKS	4710		(1,792)	13	(138)	
19		3,542	14	253	USED VEH. INSURANCE INCOME	3720		24,794	91	272	
20		(550)	1	(550)	USED VEH. INSURANCE CHARGEBACKS	4730		(3,850)	7	(592)	
21		22,785	41	556	USED VEH. SERVICE CONTRACT INCOME	3740		159,495	267	598	
22		(1,425)	2	(713)	USED VEH. SERVICE CONT. CHARGEBACKS	4750		(9,975)	13	(767)	
23		39,970			TOTAL FINANCE AND INSURANCE			279,790			
24	619,475	125,770			TOTAL VEHICLE AND F&I DEPTS.		4,351,177	876,144			
25											
FIXED OPERATIONS ANALYSIS											
LINE NO.	SALES	GROSS	UNITS	R.O.	SALES / R.O.	ACCOUNT NAME	ACCT.	SALES	GROSS PROFIT	R.O.	SALES / R.O.
27	15,465	5,465	301		51	CUSTOMER LABOR SALES - MECHANICAL	5000	113,683	38,255	2,107	54
28	1,045	375	3		348	SERVICE CONTRACT LABOR SALES	5020	7,773	2,625	21	370
29	2,100	604	18		117	INTERNAL LABOR SALES	5080	14,242	4,228	126	113
30	1,500	150	2		750	SUBLET REPAIR SALES	5100	9,711	1,050	14	694
31		(325)				UNAPPLIED LABOR	6100		(2,119)		
32	20,110	6,269	324		62	TOTAL SERVICE DEPARTMENT		145,409	44,039	2,268	64
33					% G.P.						% G.P.
34	3,126	2,040			65.3%	PARTS SALES - MECHANICAL R.O.	5200	22,257	14,331		0.0%
35	1,127	842			74.7%	PARTS SALES - SERVICE CONTRACT R.O.	5220	8,024	5,915		73.7%
36	2,489	305			12.3%	PARTS SALES - INTERNAL R.O.	5260	17,722	2,143		12.1%
37	1,847	420			22.7%	SALES - GAS, OIL & GREASE	5280	13,151	2,951		22.4%
38						PARTS SALES BODY SHOP	5290				
39	125	34			27.2%	PARTS SALES - COUNTER RETAIL	5310	890	239		26.8%
40	378	74			19.6%	PARTS SALES - WHOLESALE	5330	2,691	520		19.3%
41		145				PURCHASE DISCOUNTS AND ALLOWANCES	6350		1,019		
42		(300)				PARTS INVENTORY ADJUSTMENTS	6370		(2,108)		
43						LIFO ADJUSTMENTS - PARTS INVENTORY	6385				
44	9,092	3,560			39.2%	TOTAL PARTS DEPARTMENT		64,735	25,009		38.6%
45						BODY SHOP - CUSTOMER LABOR SALES	5400				
46						BODY SHOP - INTERNAL LABOR SALES	5430				
47						BODY SHOP - SUBLET LABOR SALES	5440				
48						PAINT & BODY SHOP MATERIAL SALES	5450				
49						UNAPPLIED LABOR	6460				
50						TOTAL BODY SHOP DEPARTMENT					
51	29,202	9,829			33.7%	TOTAL PARTS, SERVICE & BODY SHOP		210,144	69,048		32.9%
52	648,677	135,599			20.9%	TOTAL DEALERSHIP GROSS		4,561,321	945,192		20.7%
53											
DEALERSHIP OPERATIONS TREND ANALYSIS											
LINE NO.	TOTAL VEHICLE / F&I GROSS	TOTAL SERVICE GROSS	TOTAL PARTS GROSS	TOTAL BODY SHOP GROSS	TOTAL DEPT. GROSS	TOTAL DLRSHIP EXPENSES	TOTAL OPERATING PROFIT	OTHER INCOME (EXPENSE)	TOTAL PROFIT (LOSS) BEFORE BONUS		
57	JANUARY	117,854	6,012	3,054	0	134,340	122,754	11,586	5,266	16,852	
58	FEBRUARY	125,486	5,845	3,542	0	134,826	124,568	10,258	3,956	14,214	
59	MARCH	124,558	6,528	3,270	0	132,847	120,358	12,489	10,711	23,200	
60	APRIL	144,215	5,889	3,201	0	137,659	126,558	11,101	4,377	15,478	
61	MAY	118,952	6,015	4,095	0	138,530	127,325	11,205	1,584	12,789	
62	JUNE	119,309	7,481	4,287	0	131,391	122,239	9,152	15,723	24,875	
63	JULY	125,770	6,269	3,560	0	135,599	125,874	9,725	1,633	11,358	
64	AUGUST										
65	SEPTEMBER										
66	OCTOBER										
67	NOVEMBER										
68	DECEMBER										
69	YTD TOTAL	876,144	44,039	25,009	0	945,192	869,676	75,516	43,250	118,766	

Page two contains the first of two pages of the Income Statement. Month-to-date results are shown in the left hand column with year-to-date totals in the right hand column.

Financial Statements

NIADA Standardized Financial Statement – Page 3.



DEALER: **CITY AUTO SALES, INC.**

PERIOD ENDING: **JULY, 200X**

PAGE 3

STATEMENT OF INCOME AND EXPENSE - CONTINUED

LINE NO.	ACCT. NO.	MONTH	% G.P.	YTD	% G.P.	
1	TOTAL DEALERSHIP GROSS PROFIT (PAGE 2 - LINE 49)					
2	8000	15,874	11.7%	111,118	11.8%	
3	8010	3,254	2.4%	22,778	2.4%	
4	8020	22,456	16.6%	155,250	16.4%	
5	8040	4,256	3.1%	29,792	3.2%	
6	8050	7,854	5.8%	50,978	5.4%	
7	8060	125	0.1%	875	0.1%	
8	8070	305	0.2%	2,135	0.2%	
9	8080	6,000	4.4%	42,000	4.4%	
10	8090	11,785	8.7%	82,495	8.7%	
11	8100	3,845	2.8%	26,915	2.8%	
12	8110	2,545	1.9%	17,815	1.9%	
13	8120	1,452	1.1%	10,164	1.1%	
14	8130	22,548	16.6%	152,836	16.2%	
15	8140	425	0.3%	2,975	0.3%	
16	8150	521	0.4%	3,647	0.4%	
17	8160	4,520	3.3%	31,640	3.3%	
18	8170	542	0.4%	3,794	0.4%	
19	8180	1,000	0.7%	7,000	0.7%	
20	8190	2,140	1.6%	14,980	1.6%	
21	8200	456	0.3%	3,192	0.3%	
22	8210	258	0.2%	1,806	0.2%	
23	8220	315	0.2%	2,205	0.2%	
24	8230	615	0.5%	4,305	0.5%	
25	8240	403	0.3%	2,821	0.3%	
26	8250	145	0.1%	1,015	0.1%	
27	8260	(25)	0.0%	(175)	0.0%	
28	8270	550	0.4%	3,350	0.4%	
29	8280	325	0.2%	2,275	0.2%	
30	8290	140	0.1%	980	0.1%	
31	8300	187	0.1%	1,309	0.1%	
32	8310	57	0.0%	399	0.0%	
33	8320	105	0.1%	735	0.1%	
34	8330	279	0.2%	1,953	0.2%	
35	8340	100	0.1%	700	0.1%	
36	8350	745	0.5%	5,215	0.6%	
37	8360	458	0.3%	3,206	0.3%	
38	8370	250	0.2%	1,750	0.2%	
39	8380	110	0.1%	770	0.1%	
40	8390	125	0.1%	875	0.1%	
41	8400	321	0.2%	2,247	0.2%	
42	8410	852	0.6%	5,964	0.6%	
43	8420	3,000	2.2%	21,000	2.2%	
44	8430	550	0.4%	3,850	0.4%	
45	8440	215	0.2%	1,505	0.2%	
46	8450	1,750	1.3%	12,250	1.3%	
47	8460	356	0.3%	2,492	0.3%	
48	8470	845	0.6%	5,915	0.6%	
49	8480	325	0.2%	2,275	0.2%	
50	8490	615	0.5%	4,305	0.5%	
51	TOTAL EXPENSES		125,874	92.8%	869,676	92.0%
52	OPERATING PROFIT (LOSS)		9,725	7.2%	75,516	8.0%
53	NET ADJUSTMENTS TO INCOME		1,633	1.2%	43,250	4.6%
54	NET PROFIT (LOSS) BEFORE BONUS		11,358	8.4%	118,766	12.6%
55	8500			0.0%		0.0%
56	8510			0.0%		0.0%
57	NET PROFIT (LOSS) BEFORE TAXES		11,358	8.4%	118,766	12.6%
58	8520			0.0%		0.0%
59	NET PROFIT (LOSS) AFTER TAXES		11,358	8.4%	118,766	12.6%
60	ADJUSTMENTS TO INCOME					
61	9020	215	1,511	PERSONNEL EXPENSE ANALYSIS		
62	9030		0	TOTAL PERSONNEL EXPENSE		
63	9040		0	LINES 4,9,10,11,12,13,14,17,18		
64	9050	12	84	PERCENTAGE OF GROSS PROFIT		
65	9060		0	75.693	522.909	
66	9070	1,456	40,751	55.8%	55.3%	
67	9100		1,240	DEPARTMENT EMPLOYEES AND MANAGERS		
68	9200		0	SALES	5	BODY SHOP
69	9220	(50)	(337)	F&I	1	LSE/RNTL/OTH
70		1,633	43,250	SERVICE	3	OFFICE
				PARTS	1	OWNERS
						2
						1


Page 3 completes the income statement with month-to-date and year-to-date expenses and net income or Loss amounts.

Financial Statements

Now that you have seen the three pages in total, let's take a moment to review each page in more detail.

1.2 Page 1 – The Balance Sheet.

Dealer Information.

		DEALER FINANCIAL STATEMENT			PAGE 1
DEALER:	CITY AUTO SALES, INC.		NIADA MEMBER	ADDRESS:	1205 CENTURY AVENUE
FOR PERIOD OF	<u>JAN. 200X</u>	TO	<u>JULY, 200X</u>	SINCE	<u>1987</u>
				CITY	<u>HOMETOWN</u> STATE <u>ST</u> ZIP <u>12345</u>
BALANCE SHEET					

This header information section reports:

- Dealership's name and address
- Financial Reporting Period. In this example, the financial statement is as of July 31, 200X.
- First year of membership in NIADA.

Cash and Cash Equivalent Accounts.

ASSETS	ACCT. NO.	AMOUNT DOLLARS ONLY	Line No.
CURRENT ASSETS:			1
CASH ON HAND	1000	500	2
CASH IN BANK	1010-1015	41,542	3
CONTRACTS IN TRANSIT	1020	84,652	4
CASH INVESTMENTS AND TIME DEPOSITS	1030-1050	15,000	5
TOTAL CASH AND EQUIVALENT (LINES 2-5)		141,694	6

Lines 1-6 reports YTD balances in Cash and Equivalent accounts 1000 - 1050, including Finance Contracts in Transit.

Receivable Accounts.

RECEIVABLES :	> 60 DAYS			Line No.
RETAIL VEHICLES	500	1100	18,500	8
WHOLE & DLR TRANSFER		1110		9
LEASE & RENTAL		1120		10
FINANCE & INSURANCE	235	1130	2,458	11
CUSTOMER NOTES	750	1140	3,500	12
SERVICE, PARTS & BODY ACCOUNTS	1,250	1150	3,550	13
SERVICE CONTRACT CLAIMS	115	1160	905	14
ALLOWANCE FOR DOUBTFUL ACCOUNTS		1170	(1,200)	15
TRADE RECEIVABLES - AFFILIATES		1360		16
OTHER RECEIVABLES		1370		17
TOTAL RECEIVABLES (LINES 8-17)			27,713	18

Lines 7-18 report YTD balances in Receivable accounts 1100 - 1370. There is also a memo column for account balances over 60 days old.

Note about the >60 Days column for aging of receivables.

On line 8, Accounts Receivable – Retail Vehicles has YTD balance of \$18,500. Of this amount, \$500 has been due for more than 60 days. This amount may represent one or more customer past-due accounts. See your software vendor's financial statement instructions on whether the amounts shown in the >60 DAYS

Financial Statements

column is entered by the office manager prior to printing the statement or automatically calculated by the vendor's accounting software.

Inventory Accounts.

INVENTORIES:					
	UNITS	> 60 DAYS			
DEMONSTRATORS	2	2	1380	22,521	19
OTHER AUTOMOTIVE	4	4	1440	7,541	20
USED CARS	35	12	1450	297,750	21
USED TRUCKS	41	5	1470	355,839	22
REMARKETED VEHICLES	22	8	1490	283,800	23
PARTS & ACCESSORIES			1500	8,975	24
OTHER INVENTORY			1520-1570	384	25
ALLOWANCE - PARTS INVENTORY ADJUSTMENT			1970		26
LIFO RESERVE - USED VEHICLES			1980		27
LIFO RESERVE - PARTS & ACCESSORIES			1990		28
TOTAL INVENTORIES (LINES 21-30)				976,810	29

Lines 19-31 report YTD balances in Inventory accounts 1380 - 1990. There are two memo columns for the total number of cars and trucks in stock and how many units are over 60 days old at month-end.

As with the aging on receivable accounts, the UNIT and >60 DAYS columns report the number of units in stock at month-end and how many units are over 60 days old. See your software vendor's financial statement instructions on whether the amounts shown in these columns are entered by the office manager prior to printing the statement or automatically calculated by the vendor's accounting software.

Prepaid Expense Accounts and Total Current Assets.

PREPAID EXPENSES:				32
PREPAID ADVERTISING	1610		652	33
PREPAID TAXES	1620		14,953	34
PREPAID RENT	1630			35
PREPAID INSURANCE	1640		8,432	36
PREPAID OTHER	1660			37
TOTAL PREPAID EXPENSE (LINES 33-37)			24,037	38
OTHER CURRENT ASSETS	1670			39
TOTAL CURRENT ASSETS (LINES 6+18+31+38+39)			1,170,254	40

Lines 32-38 report YTD balances in Prepaid Expense accounts 1610 - 1670.

Line 39 reports YTD balances in Other Current Assets. Line 40 reports Total Current Assets.

Lease and Rental Vehicle Accounts.

LEASE AND RENTAL VEHICLES:				
LEASE VEHICLES - NET	UNITS		1680-1690	41
RENTAL VEHICLES - NET	UNITS		1700-1710	42
DRIVER TRAINING VEHICLES - NET	UNITS		1720-1730	43
TOTAL LEASE & RENTAL VEHICLES (LINES 56 THRU 62)				44

Lines 41-45 reports YTD balances in Lease and Rental Vehicle Inventory accounts 1680-1730. There is a memo column for the number of units in inventory at month-end.

Financial Statements

Fixed Assets.

FIXED ASSETS:					46
LAND & IMPROVEMENTS		155,000	1750-1760	155,000	47
BUILDINGS & IMPROVEMENTS		245,600	1770-1780	187,554	48
MACHINERY & SHOP EQMT	C O S T	45,600	1790-1800	38,526	49
PARTS & ACC. EQUIPMENT		12,400	1810-1820	8,432	50
FURN, FIXTURES & SIGNS		13,840	1830-1840	9,854	51
COMPANY VEHICLES		1,000	1850-1860	200	52
LSEHOLDS & IMPROVEMENTS			1870-1880		53
OTHER FIXED ASSETS			1890		54
NET TOTAL FIXED ASSETS: (LINES 6 + 24 + 51 + 52 + 53)				399,566	55

Lines 46-55 reports YTD balances in Fixed Asset accounts 1750-1890. Fixed asset original costs are shown in the left column with cost and accumulated depreciation net balances shown to the right.

The COST column records historical cost for the fixed asset and the right hand column reports fixed assets at their net value, after accumulated depreciation has been deducted. See the calculations for line 48 Buildings and Improvements below.

Calculations for Line 48 - Buildings & Improvements

Account 1770 - Buildings & Improvements	\$ 245,600
Account 1780 - Accumulated Depreciation - Buildings & Improv.	(58,046)
Net Amount shown on FS Line 48.	187,554

Other Assets.

OTHER ASSETS:					56
LIFE INSURANCE - CASH VALUE		1900		10,589	57
NOTES & RECEIVABLES - OFFICERS & OWNERS		1910		10,000	58
INVESTMENTS IN AFFILIATED COMPANIES		1920			59
ADVANCES - AFFILIATED PARTIES		1930			60
ADVANCES - OTHER PARTIES		1940			61
NOTES & RECEIVABLES - OTHER		1950		850	62
FINANCE RECEIVABLES - DEFERRED		1960		4,500	63
OTHER INVESTMENTS & MISC. ASSETS		1970		50,000	64
DEPOSITS ON CONTRACTS		1980			65
OTHER ASSETS		1990		150	66
TOTAL OTHER ASSETS: (LINES 57-66)				76,089	67
TOTAL ASSETS (LINES 40+55+67)				1,645,909	68

Lines 56-67 report YTD balances in Other Asset accounts 1900 - 1990. Line 68 reports total assets.

Line 67 reports Total Other Assets while Line 68 reports Total Assets, which is a total of line 40 – Total Current Assets, line 55 – Net Total Fixed Assets and Line 67 – Total Other Assets.

Dealer Signature.

Dealer Member - NIADA <small>National Independent Automobile Dealers Association</small>	SIGNATURE: _____	DATE: _____
--	------------------	-------------

This signature sections shows the date the dealer reviewed and approved the financial statement for the month.

Now, let's move to the right hand side of the Balance Sheet with its liability and net worth accounts.

Financial Statements

Page 1- Current Liabilities and Accounts Payable.

Line No.	LIABILITIES AND NET WORTH	ACCT. NO.	AMOUNT DOLLARS ONLY
1	CURRENT LIABILITIES		
2	ACCOUNTS PAYABLE	2000	1,865
3	CUSTOMER DEPOSITS	2010	4,500
4	CUSTOMER ACCOMMODATIONS	2020	945
5	LICENSE & REGISTRATION FEES	2030	615
6	VEHICLE PROTECTION & ESC PAYABLE	2040	3,284
7	VEHICLE LIEN PAYABLE	2050	18,456
8	OTHER ACCOUNTS PAYABLE	2060	
9	TOTAL ACCOUNTS PAYABLE (LINES 2-8)		29,665

Lines 1-9 reports YTD balances in Current Liability accounts 2000 - 2060.

Current Notes Payable.

10	CURRENT NOTES PAYABLE		
11	NOTES PAYABLE - USED VEHICLES	2110	458,714
12	NOTES PAYABLE - LEASE & RENTAL VEHICLES	2120	
13	CURRENT PORTION - LONG TERM DEBT	2130	21,785
14	NOTES PAYABLE - OTHER	2140	19,852
15	TOTAL CURRENT NOTES PAYABLE (LINES 11-14)		500,351

Lines 10-15 report YTD balances in Current Notes Payable accounts 2110 - 2140.

Accrued Liabilities.

16	ACCRUED LIABILITIES:		
17	INTEREST PAYABLE	2200	2,614
18	SALARIES, WAGES & COMMISSIONS PAYABLE	2210	14,901
19	INSURANCE PAYABLE	2220	
20	PAYROLL TAXES PAYABLE	2230	1,475
21	SALES TAXES PAYABLE	2240	18,410
22	INCOME TAXES PAYABLE	2250	
23	OTHER TAXES PAYABLE	2260	458
24	EMPLOYEE BONUSSES PAYABLE	2270	
25	OWNERS' BONUSSES PAYABLE	2280	
26	PENSION FUND/PROFIT SHARING PAYABLE	2290	6,000
27	OTHER PAYABLES	2300	1,050
28	RESERVE FOR REPO, F&I & SVC CONTRACT LOSSES	2310	12,000
29	OTHER RESERVES	2320	22,500
30	TOTAL ACCRUED LIABILITIES (LINES 17-29)		79,408

Lines 16-30 report YTD balances in Accrued Liability accounts 2200 - 2320.

Working Capital Calculations and Other Liability Accounts.

31	WORKING CAPITAL	GUIDE-\$ _____	
32		ACTUAL-\$ _____	
33		(ASSET LINE 40 MINUS LIABILITY LINES 9 + 15 +30)	
34	OTHER LIABILITIES:		
35	LONG TERM DEBT:	2400	178,522
36	NOTES PAYABLE - OWNERS/OFFICERS	2410	
37	NOTES PAYABLE - AFFILIATED COMPANIES	2420	
38	MORTGAGES PAYABLE - REAL ESTATE	2430	32,000
39	DEFERRED INCOME TAX	2440	
40	OTHER LIABILITIES	2450	
41	TOTAL OTHER LIABILITIES (LINES 35-40)		210,522
42	TOTAL LIABILITIES (LINES 15+41)		819,946

Lines 31-33 report the dealership's working capital.

Lines 34-41 reports YTD balances in Other Liability account 2400-2450. Line 42 reports Total Liabilities.

Working Capital is calculated by dividing Total Current Assets (Line 40) by Total Current Liabilities (Lines 9+15+30). Total Current Assets should be a higher dollar amount than Total Current Liabilities, producing a positive dollar amount.

Financial Statements

Net Worth Accounts.

43	NET WORTH:					
44	CAPITAL STOCK				2500	10,000
45	ADDITIONAL PAID IN CAPITAL				2510	95,000
46	RETAINED EARNINGS				2520	602,197
47	DIVIDENDS				2540	
48	INVESTMENTS (PROPRIETOR OR PARTNERS)				2550	
49	WITHDRAWALS / DRAWINGS				2560	
50	CURRENT EARNINGS BEFORE TAXES					
	UNITS PLACED IN SERVICE DURING CURRENT MONTH					
51	RETAIL UNIT SALES	CARS	TRUCKS	OTHER	TOTAL	AMOUNT
52	FROM PAGE 2	LINE 20-21	LINE 21	LINE 23	UNITS	
53	JANUARY	32	22		54	16,852
54	FEBRUARY	21	37		58	14,214
55	MARCH	14	38	2	54	23,200
56	APRIL	24	25		49	15,478
57	MAY	19	32		51	12,789
58	JUNE	22	39	1	62	24,875
59	JULY	24	35		59	11,358
60	AUGUST					
61	SEPTEMBER					
62	OCTOBER					
63	NOVEMBER					
64	DECEMBER					
65	UNIT TOTALS	156	228	3	387	
66	NET EARNINGS (LINE 69 MINUS 70)					118,766
67	TOTAL NET WORTH (LINES 47 THRU 53 + 71)					825,963
68	TOTAL LIABILITIES AND NET WORTH (LINES 44 + 45 + 72)					1,645,909

Lines 43-49 reports YTD balances in Net Worth accounts 2500-2560.

Lines 50 - 66 reports current earnings by month. There are memo columns detailing the number of car, truck and other units sold by month with Unit Totals in line 65. Total YTD Net Earnings are shown on Line 66.

Line 66 reports Total Net Worth and Line 68 reports Total Liabilities and Net Worth. This figure will be the same as Total Assets.

This is the end of page one, the Balance Sheet. Now let's move onto page two, the Income Statement.

Financial Statements

1.3 Page 2 – The Income Statement – Sales & Gross Profit.

Page 2 reports sales and gross profit for each dealership department for the month and year-to-date.

Used Vehicle Sales.

Lines 1-16 report vehicle sales and gross profit.

CITY AUTO SALES, INC. PERIOD ENDING: JULY, 200X PAGE 2										
MONTH-TO-DATE					ACCOUNT		YEAR-TO-DATE (DOLLARS ONLY)			
LINE NO.	SALES	GROSS	UNITS	PER UNIT	NAME	ACCT.	SALES	GROSS PROFIT	UNITS	PER UNIT
1	202,800	43,200	24	1,800	USED CAR RETAIL	3500	1,419,600	302,400	156	1,938
2		(3,250)	22	(148)	USED CAR RECONDITIONING	4510		(22,750)	68	(335)
3	32,650	1,250	10	125	USED CAR WHOLESALE SALES	3520	228,550	8,750	71	123
4					USED CAR INVENTORY ADJUSTMENTS	4530		(7,486)	24	(312)
5	331,625	49,743	35	1,421	USED TRUCK RETAIL	3540	2,321,375	348,201	228	1,527
6		(4,358)			USED TRUCK RECONDITIONING	4550		(30,506)	18	(1,695)
7	52,400	215	5	43	USED TRUCK WHOLESALE SALES	3560	366,800	1,505	36	42
8		(1,000)	1	(1,000)	USED TRUCK INVENTORY ADJUSTMENTS	4570		(7,000)	15	(467)
9					REMARKETED RETAIL CAR SALES	3580				
10					REMARKETED WHOLESALE CAR SALES	3590				
11					REMARKETED RETAIL TRUCK SALES	3600				
12					REMARKETED WHOLESALE TRUCK SALES	3610				
13					USED VEHICLE REPOSESSION LOSSES	4620				
14					AFTERMARKET MERCHANDISE SALES	3630	14,852	3,240	3	1,080
15					LIFO ADJUSTMENTS - USED VEHICLES	4640				
16	619,475	85,800	97	885	TOTAL USED VEHICLE DEPARTMENT		4,351,177	596,354	256	2,330

Line 1 reports the balances of account 3500 – Used Car Retail Sales and 4500 – Cost of Sales – Used Car Retail. The calculations are shown below for the line amounts are shown below.

Page 2 - Line 1 Calculations.	MTD	YTD
UC Retail Sales (Acct 3500)	\$ 202,800	\$ 1,419,600
less Cost of Sales (Acct 4500)	<u>159,600</u>	<u>1,117,200</u>
equals Gross Profit	43,200	302,400
divided by number of units sold	24	156
equals Gross Profit per unit sold	\$ 1,800	\$ 1,938

Each line on page two uses this same calculation and form for sales, gross profit and gross profit per transaction. For the sake of readability and ease of understanding, the dollar amounts on the financial statement are not shown as debit or credit balances. In this instance, accounts 3500 – Used Car Retail would have a MTD credit balance of \$202,800 since it is an income account while account 4500 – Cost of Sales – Used Car Retail would have a MTD debit balance of \$159,600 since it is an expense account. Combining these two accounts would produce a MTD credit of \$43,200. For people not familiar with accounting, a credit balance shown as <\$43,200> might be considered a MTD loss, when in actuality it is a MTD income or profit amount.

The number of units sold will typically be entered into the financial statement program either by manual input from the office manager or by the use of memo accounts within the accounting program. See your computer vendor's documentation for unit sales input.

Note about reconditioning expenses. Some of the lines in this section have a grayed-out box in the MTD and YTD sales column, but have a dollar amount in gross column. That's because there is no applicable sales account for this line. For example, see line 2 for Used Car Reconditioning with a MTD balance of <\$3,250>. Account 4510 is a cost of sale account (expense account). Therefore, it appears as a negative gross account indicating that it reduces MTD gross profit in the department.

Financial Statements

In this instance, the dealership had total reconditioning expenses of \$3,520. Twenty-two cars and trucks were reconditioned for a MTD per unit cost of \$148.

As you read each line, you will see that there is a separate financial statement line for each vehicle sale account listed on the NIADA chart of accounts with used vehicle totals shown on line 16.

Finance and Insurance (F&I) Income.

The F&I section is underneath the vehicle section beginning with line 17.

16	619,475	85,800	97	885	TOTAL USED VEHICLE DEPARTMENT		4,366,029	599,594	256	2,342
17		15,874	37	429	USED VEH. FINANCE INCOME	3700		111,118	241	462
18		(256)	2	(128)	USED VEH. FINANCE CHARGEBACKS	4710		(1,792)	13	(138)
19		3,542	14	253	USED VEH. INSURANCE INCOME	3720		24,794	91	272
20		(550)	1	(550)	USED VEH. INSURANCE CHARGEBACKS	4730		(3,850)	7	(592)
21		22,785	41	556	USED VEH. SERVICE CONTRACT INCOME	3740		159,495	267	598
22		(1,425)	2	(713)	USED VEH. SERVICE CONT. CHARGEBACKS	4750		(9,975)	13	(767)
23		39,970			TOTAL FINANCE AND INSURANCE			279,790		
24	619,475	125,770			TOTAL VEHICLE AND F&I DEPTS.		4,351,177	876,144		

In this section, there is no sale and offsetting cost of sale amount. Instead, Line 17 reports MTD and YTD finance contract income as shown in account 3700. Just as with the vehicle sale section, the number of finance contracts sold and average earnings per contract are shown. In this example, the dealership earned \$15,874 in finance contract income for the month on 37 contracts earning an average of \$429 per contract.

Line 18 reports chargebacks of finance income due to either early payoffs or cancellations of loans. These chargebacks are shown as negative gross (or expense) reducing the total F&I department's gross for the month. In this example, the dealership was charged back \$256 in finance contract earnings for 2 contracts, losing an average of \$128 per contract chargeback.

Total F&I earnings are shown on line 23. Total vehicle sales and gross plus F&I income is shown on line 24.

Fixed Operations (Parts, Service & Body Shop).

The Service Department's MTD and YTD Sales and Gross Profit results are shown on lines 26-32. Note that there is a slight change in the column header with columns reporting the number of repair orders completed for the month and year-to-date and the dollar amount of sales per repair order.

	Number of repair orders completed .				Sales per repair order.					
			R.O.	SALES / R.O.	FIXED OPERATIONS ANALYSIS					
			R.O.	SALES / R.O.				R.O.	SALES / R.O.	
26										
27	15,465	5,465	301	51	CUSTOMER LABOR SALES - MECHANICAL	5000	113,683	38,255	2,107	54
28	1,045	375	3	348	SERVICE CONTRACT LABOR SALES	5020	7,773	2,625	21	370
29	2,100	604	18	117	INTERNAL LABOR SALES	5080	14,242	4,228	126	113
30	1,500	150	2	750	SUBLET REPAIR SALES	5100	9,711	1,050	14	694
31		(325)			UNAPPLIED LABOR	6110		(2,119)		
32	20,110	6,269	324	62	TOTAL SERVICE DEPARTMENT		145,409	44,039	2,268	64

Customer Labor sales – Mechanical is shown on line 27. In this example, monthly labor sales were \$15,465 with a gross profit of \$5,465. A total of 301 customer pay repair orders were completed during the month, with average labor sales of \$51 per repair order.

Financial Statements

There is a separate line for each Service Department labor sales account.

- Customer Labor Sales – Mechanical (customer pay labor)
- Service Contract Labor Sales (extended service contract or other warranty sales)
- Internal Labor Sales (internal labor not paid for by customer).
- Sublet Labor (labor performed by an outside shop)

Note: Lines 27-30 report labor sales only. The sales and gross amounts do not include parts sales and gross. Parts Department sales and gross re shown separately in lines 34-43. Also, Shop labor is designated as mechanical labor. Body shop labor sales are shown separately on lines 45-50.

Line 31 reports account 6110 – Unapplied Labor. This cost of sales account records written off labor costs that have been deemed uncollectible. As an expense item, the MTD amount of <325> is shown with brackets indicating a negative gross (or expense item). In other words, lines 27-30 report sales and gross profit amounts while line 31 only shows a cost of sales amount.

Total Service Department sales and gross profits are shown on line 32.

Parts Department.

Parts sales and gross profits for the month and year-to-date are shown on lines 33-44. Note that there is a slight change in the column information. The column which reported the number of repair orders in the previous sections is grayed-out. The next column (% G.P.) represents gross profit as a percentage of sales.

Percentage Gross Profit (% G.P.) = gross profit divided by sales shown as a percentage amount.								
33			% G.P.					% G.P.
34	3,126	2,040	65.3%	PARTS SALES - MECHANICAL R.O.	5200	22,257	14,331	64.4%
35	1,127	842	74.7%	PARTS SALES - SERVICE CONTRACT R.O.	5220	8,024	5,915	73.7%
36	2,489	305	12.3%	PARTS SALES - INTERNAL R.O.	5260	17,722	2,143	12.1%
37	1,847	420	22.7%	SALES - GAS, OIL & GREASE	5280	13,151	2,951	22.4%
38				PARTS SALES BODY SHOP	5290			
39	125	34	27.2%	PARTS SALES - COUNTER RETAIL	5310	890	239	26.8%
40	378	74	19.6%	PARTS SALES - WHOLESALE	5330	2,691	520	19.3%
41		145		PURCHASE DISCOUNTS AND ALLOWANCES	6350		1,019	
42		(300)		PARTS INVENTORY ADJUSTMENTS	6370		(2,108)	
43				LIFO ADJUSTMENTS - PARTS INVENTORY	6385			
44	9,092	3,560	39.2%	TOTAL PARTS DEPARTMENT		64,735	25,009	38.6%

Line 34 reports month-end and year-to-date sales and gross profit in Parts Sales – Mechanical R.O. In this example, the dealership sold \$3,125 in parts on customer pay repair orders generating \$2,040 in gross profit. The gross profit percentage for the month was 65.3% (2,040 ÷ 3,125).

The Parts Department section has a separate line for each type of parts sales, including retail or counter parts sales, service department parts sales on repair orders and body shop parts sales on body shop tickets.

Line 41 reports Parts Purchase Discounts and Allowances recorded in account 6350. Purchase discounts are recorded as credit entries, which increases gross profits.

Line 42 reports Parts Inventory Adjustments recorded in account 6370. Entries to this cost of sale account/expense account are typically made to record parts shortages or obsolete parts, thus reducing gross profit for the month. Therefore, the \$300 monthly entry is bracketed < >.

Line 43 reports LIFO Adjustments to Parts Inventory for the month and year-to-date. This entry may increase or decrease gross, depending on the entry.

Financial Statements

Body Shop.

Body Shop labor sales and gross profits are shown in lines 45-50.

Percentage Gross Profit (% G.P.) = gross profit divided by sales shown as a percentage amount.

1	9,092	3,560	39.2%	TOTAL PARTS DEPARTMENT		64,735	25,009		38.6%
45				BODY SHOP - CUSTOMER LABOR SALES	5400				
46				BODY SHOP - INTERNAL LABOR SALES	5430				
47				BODY SHOP - SUBLET LABOR SALES	5440				
48				PAINT & BODY SHOP MATERIAL SALES	5450				
49				UNAPPLIED LABOR	6460				
50				TOTAL BODY SHOP DEPARTMENT					
51	29,202	9,829	33.7%	TOTAL PARTS, SERVICE & BODY SHOP		210,144	69,048		32.9%
52	648,677	135,599	20.9%	TOTAL DEALERSHIP GROSS		4,561,321	945,192		20.7%

In this example, we have assumed that the dealership has no separate body shop.

Total Parts, Service and Body Shop sales and gross profits are shown in lines 51. In this example, the dealership had total monthly parts and service sales of \$29,202 with a gross profit of \$9,829. Gross profit as a percentage of sales was 33.7%. For the year, total parts and service sales were \$210,144 with a gross profit of \$69,048 and a gross profit percentage of 32.9%.

Line 52 report total sales and gross for the entire dealership. In this example, total dealership sales for the month were \$648,677 with a gross profit of \$135,599 and a gross profit percentage of 20.9%.

Line 52 Total Dealership Gross completes the sales and gross section of page 2. Dealership expenses are shown on the next page (page 3) of the statement.

Dealership Operations Trend Analysis.

The Trend Analysis section is a snapshot of dealership operations for each month and is shown on lines 53-69.

53	DEALERSHIP OPERATIONS TREND ANALYSIS									
54		TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	OTHER	TOTAL	
55		VEHICLE / F&I	SERVICE	PARTS	BODY SHOP	DEPT.	DLRSHIP	OPERATING	INCOME	PROFIT (LOSS)
56		GROSS	GROSS	GROSS	GROSS	GROSS	EXPENSES	PROFIT	(EXPENSE)	BEFORE BONUS
57	JANUARY	125,274	6,012	3,054	0	134,340	122,754	11,586	5,266	16,852
58	FEBRUARY	125,439	5,845	3,542	0	134,826	124,568	10,258	3,956	14,214
59	MARCH	123,049	6,528	3,270	0	132,847	120,358	12,489	10,711	23,200
60	APRIL	128,569	5,889	3,201	0	137,659	126,558	11,101	4,377	15,478
61	MAY	128,420	6,015	4,095	0	138,530	127,325	11,205	1,584	12,789
62	JUNE	119,623	7,481	4,287	0	131,391	122,239	9,152	15,723	24,875
63	JULY	125,770	6,269	3,560	0	135,599	125,874	9,725	1,633	11,358
64	AUGUST									
65	SEPTEMBER									
66	OCTOBER									
67	NOVEMBER									
68	DECEMBER									
69	YTD TOTAL	876,144	44,039	25,009	0	945,192	869,676	75,516	43,250	118,766

The calculations for July, the current month for this financial statement is shown on line 63 above and again on the next page.

Financial Statements

Dealership Operations Trend Analysis – continued.

A Snapshot of July Profit (Loss)	
Page 2, Line 24 - Total Vehicle & F&I Dept Gross	\$ 125,770
Pge 2, Line 32 - Total Service Gross	6,269
Page 2, Line 44 - Total Parts Gross	3,560
Page 2, Line 50 - Total Body Shop Gross	-
Equals Page 2, Line 52 - Total Dealership Gross	<u>135,599</u>
Less Page 3, Line 51 - Total Dealership Expenses	<u>125,874</u>
Equals Page 3, Line 52 - Operating Profit	<u>9,725</u>
Plus Page 3, Line 53 - Other Income/Expense	<u>1,633</u>
Equals Page 3, Line 54, Net Profit (Loss) Before Bonus	<u><u>\$ 11,358</u></u>

In this example, the dealership earned a profit of \$11,358 for the month of July.


By including this trend information in the month-end financial statement, the dealer can quickly see how the current month compares to previous months.

This completes our review of Page 2. Now let's move onto Page 3 with dealership expenses.

Financial Statements

1.4 Page 3 – The Income Statement - Expenses.

The Income Statement continues from Page 2. The illustration below shows Page 3 - Lines 1-48. Note that there is a line for each expense account listed on the NIADA Chart of Accounts. Also note the headings for each column. Next to both the MTD and YTD expense accounts beginning on Line 2., there is a column indicating what percentage of gross profit the expense equaled. Line 1 restates the month-to-date gross profit of \$135,599 and year-to-date gross profit of \$945,192 brought forward from Page 2, Line 52.

		Expenses as a percentage of total dealership gross profit.				
DEALER: CITY AUTO SALES, INC.		PERIOD ENDING: JULY, 200X			PAGE 3	
STATEMENT OF INCOME AND EXPENSE - CONTINUED						
LINE NO.	ACCT. NO.	MONTH	% G.P.	YTD	% G.P.	
1		135,599		945,192		
2	8000	15,874	11.7%	111,118	11.8%	
3	8010	3,254	2.4%	22,778	2.4%	
4	8020	22,456	16.6%	155,250	16.4%	
5	8040	4,256	3.1%	29,792	3.2%	
6	8050	7,854	5.8%	50,978	5.4%	
7	8060	125	0.1%	875	0.1%	
8	8070	305	0.2%	2,135	0.2%	
9	8080	6,000	4.4%	42,000	4.4%	
10	8090	11,785	8.7%	82,495	8.7%	
11	8100	3,845	2.8%	26,915	2.8%	
12	8110	2,545	1.9%	17,815	1.9%	
13	8120	1,452	1.1%	10,164	1.1%	
14	8130	22,548	16.6%	152,836	16.2%	
15	8140	425	0.3%	2,975	0.3%	
16	8150	521	0.4%	3,647	0.4%	
17	8160	4,520	3.3%	31,640	3.3%	
18	8170	542	0.4%	3,794	0.4%	
19	8180	1,000	0.7%	7,000	0.7%	
20	8190	2,140	1.6%	14,980	1.6%	
21	8200	456	0.3%	3,192	0.3%	
22	8210	258	0.2%	1,806	0.2%	
23	8220	315	0.2%	2,205	0.2%	
24	8230	615	0.5%	4,305	0.5%	
25	8240	403	0.3%	2,821	0.3%	
26	8250	145	0.1%	1,015	0.1%	
27	8260	(25)	0.0%	(175)	0.0%	
28	8270	550	0.4%	3,350	0.4%	
29	8280	325	0.2%	2,275	0.2%	
30	8290	140	0.1%	980	0.1%	
31	8300	187	0.1%	1,309	0.1%	
32	8310	57	0.0%	399	0.0%	
33	8320	105	0.1%	735	0.1%	
34	8330	279	0.2%	1,953	0.2%	
35	8340	100	0.1%	700	0.1%	
36	8350	745	0.5%	5,215	0.6%	
37	8360	458	0.3%	3,206	0.3%	
38	8370	250	0.2%	1,750	0.2%	
39	8380	110	0.1%	770	0.1%	
40	8390	125	0.1%	875	0.1%	
41	8400	321	0.2%	2,247	0.2%	
42	8410	852	0.6%	5,964	0.6%	
43	8420	3,000	2.2%	21,000	2.2%	
44	8430	550	0.4%	3,850	0.4%	
45	8440	215	0.2%	1,505	0.2%	
46	8450	1,750	1.3%	12,250	1.3%	
47	8460	356	0.3%	2,492	0.3%	

Line 2 records advertising costs for the month of July as \$15,874 posted to account 8000. This amount equals 11.7% of monthly gross profit (\$15,874 ÷ \$135,599) generated for the month. For the entire year, the dealership has spent \$111,118 in advertising, representing 11.8% of the total gross profit earned for the year of \$945,192.

These same MTD and YTD percentages are calculated for each expense line.

Financial Statements

Total Expense, Operating Profit and Net Adjustments to Income.

This illustration shows Lines 48-70 of Page 3. Total Dealership Expenses are shown on Line 51. In this example, July total expense was \$125,874 or 92.8% of total gross profit. These expenses are deducted from total gross of \$135,599 shown on Line 1 to determine total Operating Profit \$9,725 for the month (7.2% of total gross profit).

		Total Expenses		Total Operating Income (Loss)			
48	INSURANCE - BUILDINGS & IMPROVEMENTS	8470		845	0.6%	5,915	0.6%
49	INTEREST - MORTGAGE			8480	0.2%	2,275	0.2%
50	UTILITIES	8490		615	0.5%	4,305	0.5%
51	TOTAL EXPENSES			125,874	92.8%	869,676	92.0%
52	OPERATING PROFIT (LOSS)			9,725	7.2%	75,516	8.0%
53	NET ADJUSTMENTS TO INCOME			1,633	1.2%	43,250	4.6%
54	NET PROFIT (LOSS) BEFORE BONUS			11,358	8.4%	118,766	12.6%
55	BONUSES - EMPLOYEES	8500			0.0%		0.0%
56	BONUSES- OWNERS	8510			0.0%		0.0%
57	NET PROFIT (LOSS) BEFORE TAXES			11,358	8.4%	118,766	12.6%
58	ESTIMATED INCOME TAX	8520			0.0%		0.0%
59	NET PROFIT (LOSS) AFTER TAXES			11,358	8.4%	118,766	12.6%
60	ADJUSTMENTS TO INCOME	ACCT	MONTH	YTD	PERSONNEL EXPENSE ANALYSIS		
61	CASH DISCOUNTS EARNED	9020	215	1,511	MONTH		YTD
62	CASH DISCOUNTS ALLOWED/GIVEN	9030		0	TOTAL PERSONNEL EXPENSE		
63	CAPITAL ASSETS, GAINS/LOSSES	9040		0	LINES 4,9,10,11,12,13,14,17,18		
64	INTEREST INCOME	9050	12	84	PERCENTAGE OF GROSS PROFIT		
65	INTEREST EXPENSE	9060		0	DEPARTMENT EMPLOYEES AND MANAGERS		
66	OTHER INCOME	9070	1,456	40,751	SALES	5	BODY SHOP
67	LEASE, RENTAL & OTH VEH. INCOME/EXPENSE	9100		1,240	F&I	1	LSE/RNTL/OTH
68	CASUALTY LOSSES	9200		0	SERVICE	3	OFFICE
69	OTHER EXPENSE	9220	(50)	(337)	PARTS	1	OWNERS
70	NET ADJUSTMENTS TO INCOME		1,633	43,250			2

After operating profit, Net Adjustments to Income is shown on Line 53. These adjustments shown in the bottom left of the statement on Lines 60-70 and are also referred to as Other Income/Other Expense items. In this example, Net Adjustments to Income (Other Income) for July were \$1,633.

This Other Income/Other Expense section is used for other businesses owned by the dealership, such as rental car operations, car washes, pager companies, etc. Additionally, this section is used to record interest income from Buy Here, Pay Here operations.

After Net Adjustments to Income comes Net Profit (Loss) Before Bonus. In this example, Operating Profit plus Other Income/Other Expense equals \$11,358 in Net Profit before Bonus (\$8.4% of total gross profit shown on Page 3, Line 1).

Once this amount has been calculated, the remaining lines are:

- Line 55 – Bonuses – Employees
- Line 56 – Bonuses – Owners
- Line 58 – Estimated Income Tax.
- Line 59 – Net Profit (Loss) After Taxes.

In this example, no MTD or YTD entry has been posted for either bonus or income tax expenses. Therefore, Net Profit for the month of July remains \$11,358.

Total Personnel Expense.

In the bottom right corner of page 3 is a summary of personnel expenses, personnel costs as a percentage of total gross profit for the month and the year and a summary of employees and managers by department. In this example, the dealership has 12 employees, 1 owner. Personnel expenses (as listed on Lines 4,9,10,11,12,13,14,17,18) for the month were \$75,693 or 55.8% of MTD Gross Profit.

Financial Statements

1.5 Summary.

This newly adopted NIADA standardized financial statement format should be very beneficial to dealers.

NIADA is encouraging its dealer-members to begin using this new statement format at their earliest convenience. It is the association's belief that this three-page format provides a significant improvement over generic financial statements that are non-dealership specific.



This first version of the new statement allows a dealer to quickly see each department's sales, gross profit and sales or profit per unit. Additionally, expenses are tracked as a percentage of gross profit, a key percentage to study in controlling over dealership expense.

This first version of the financial statement will be periodically modified or updated by NIADA to reflect your suggestions for changes and improvements. There may be a second version of this statement for those dealers who are primarily Buy Here-Pay Here dealers rather than primarily bank financing dealers. This is, after all, your standardized financial statement and NIADA looks forward to your comments and suggestions on this first version.

It is our belief that standardized financial statements will assist both dealer-members and dealer twenty-group companies to more easily compare their operations with other dealers. As this manual is being updated for the introduction of these standardized financial statement forms, software vendors are already adding these forms into their accounting software programs.

Reminder: These financial statement forms are intended for internal use, since they contain no financial statement notes or explanations of accounting methodology used. Some dealers engage outside accounting or CPA firms to compile, review or audit their monthly or year-end financial statements. These CPA-prepared financial statements will contain extensive notes to the financial statements, as required by the level of engagement. These notes are a series of explanations on GAAP, as well as additional detail on selected elements of the financial statements. Notes to the financial statement are beyond the scope of this manual and are not discussed further here. Dealers wanting additional explanation on financial statement notes should consult with competent tax and accounting counsel.

Financial Statements

THIS CONCLUDES THE MATERIALS FOR THIS CHAPTER.